

BONDED INDEBTEDNESS REPORTING GUIDELINES (Form ADOR 05-0002)

A statewide Report of Bonded Indebtedness, statutorily required in A.R.S. § 35-501, is compiled using the information provided on this form. The information submitted should reflect all indebtedness as of **June 30, 2008**. All amounts must represent *year-end balances* and not the amounts retired within the year.

Please note that any person or member of any governing body knowingly omitting or refusing to comply with this request is guilty of a class 2 misdemeanor. Pursuant to A.R.S. §35-501, "Any county, city, town, school district, irrigation district or other political subdivision of the state that fails to comply fully with the provisions of this article shall not issue any additional bonds or other securities."

Complete each field applicable for each bond issue. Include information on all debt, including Revenue, Impact Aid Revenue, General Obligation, Special Assessment and Special District Bonds, Certificates of Participation and Municipal Property Corporation debt. ***DO NOT USE THIS FORM TO REPORT LEASE PURCHASES OR THIRD-PARTY FINANCING CONTRACTS.*** The following specific instructions for numbered columns will (hopefully) clarify all areas in order to keep responses from being incorrect or incomplete. Submit completed reports to the Department by ***September 19, 2008***.

- 1) **NAME OF COUNTY OR DISTRICT BONDED:** Enter the bonding county or district name.
- 2) **BOND TYPE:** List the type of bond debt for each issue. *If you need to report lease purchases or third party financing contracts in excess of one year, there is a separate form for these types of securities.*

RV	<u>Revenue Bonds</u> secured primarily by the non-tax revenues generated from the rents or fees paid by the users of the funded project.
IAR	<u>Impact Aid Revenue Bonds</u> with voter approval may be issued by those school districts that receive federal Impact Aid revenues.
GO	<u>General Obligation Bonds</u> secured by the issuer's taxing power, subject to constitutional debt limits (which you list under col. 15), and may require voter approval. If the bond is subject to more than one debt limit level because it is a mixed purpose bond, <i>provide the Amount of Outstanding Principal for each debt limit level on a separate page.</i> For school districts, please identify the type of general obligation bond as either Class A or Class B.
SA	<u>Special Assessment/District Bonds</u> resulting project to benefit an isolated group, secured by assessments that are levied against property located within the district.
COP	<u>Certificates of Participation</u> issued to show a proportionate interest in the ownership of debt of a corporation.
MPC	<u>Municipal Property Corporations Bonds</u> issued by cities/towns as a financing tool to build or buy city projects that are then leased back to the city.
- 3) **PURPOSE OF ISSUE:** Complete the Purpose of Issue field by listing the use of the revenue. For example; sewer, highway, lighting, parks, etc.
- 4) **DATE OF ISSUE:** Enter the original issue date of the bond.
- 5) **DENOMINATION OF BONDS:** Enter the bond denomination, such as \$1,000, \$5,000, etc.
- 6) **INTEREST RATE:** In this column, list the rate (one rate) of interest at final maturity.
- 7) **DATE OF MATURITY:** Enter the final maturity date of the issue.

Note: For all fields requiring dollar amounts, **list ONLY the principal amounts**. Do not include interest or amounts held in sinking funds. Write the dollar amount completely. **Do not abbreviate** with terms such as 10K or 50M.

- 8) **ORIGINAL PRINCIPAL AMOUNT:** The original principal amount of the bonds issued. *There should be no premium included in this amount.*
- 9) **PRINCIPAL AMOUNT RETIRED:** The total amount of principal paid off throughout the life of the bond, **including the July 1, 2008 payment** due if the payment amount has been deposited into a dedicated fund for the payment of the principal. *There should be no premium included in this amount.*
- 10) **AMOUNT REFUNDED:** If all or part of a bond has been refunded, enter the Principal Amount Refunded in the **Amount Refunded** column. List details of the transaction on a separate page. Refer to newly issued, related *refunding* issues. If only a portion of the bond has been refunded leaving some Outstanding Principal, continue to show figures in the **Original Principal** (8), **Principal Amount Retired** (9), **Amount Refunded** (10) and **Outstanding Principal** (11) columns until the Outstanding Principal equals \$0.
- 11) **OUTSTANDING PRINCIPAL:** Enter the amount still owed on the original principal. However, the year-end balance **should not include any July 1, 2008 payment** if the payment amount has been deposited into a dedicated fund for the payment of the principal. *There should be no premium included in this amount.*

Note: The sum of the **PRINCIPAL AMOUNT RETIRED (COLUMN 9)** plus the **AMOUNT REFUNDED (COLUMN 10)** plus the **OUTSTANDING PRINCIPAL (COLUMN 11)** must equal the **ORIGINAL PRINCIPAL AMOUNT (COLUMN 8)**.

- 12) **OUTSTANDING PREMIUM:** *Only capital appreciation bonds should have amounts in this column.* Amounts in this column should reflect any premium outstanding in association with this issue. The statutes direct the calculation of debt capacity to determine compliance with debt limitations; the amount of premium outstanding is needed to calculate debt capacity, pursuant to House Bill 2253, Chapter 332, Laws of 1996, Second Regular Session, Section 9.
- 13) **7/1/08 PAYMENT:** This amount allows reconciliation with prior year reports and cross-referencing with amounts reported on bond issue forms.
- 14) **7/1/07 PAYMENT:** This amount is needed to reconcile prior year reports and cross-reference with amounts reported on bond issue forms.
- 15) **GO DEBT LIMIT:** For each general obligation bond, the appropriate debt limit percentages must be recorded. In a mixed-use general obligation bond, the total principal amount outstanding should be apportioned to show amounts outstanding for each debt limit level (example: 6% or 20%). It is particularly important to do this for general obligation bonds because only then can the appropriate portion be applied to the calculation of the remaining debt limits. Percentages that can apply to cities and towns are 6% or 20%, depending on usage of the bond revenues. Counties can have a debt limit percentage of 15%, as can community colleges. School district debt limitation percentages are 15% or 30% for Class A bonds and 5% or 10% for Class B bonds, depending on whether or not the district is unified.

In general, check your math. Make certain that **columns 9+10+11=8**. Attach any remarks concerning any of the issues on a separate sheet of paper. Finally, include the name and phone number of the individual who may be contacted for further questions.

ADDITIONAL PERTINENT STATUTORY REQUIREMENTS

Report of Bond and Security Issuance: Pursuant to A.R.S. §35-501B, these forms need only be filed if your jurisdiction issues new bonds or securities.

Although the Governing Board of the jurisdiction is ultimately responsible for compliance with these requirements, a similar letter has been sent to all known Municipal Bond Attorneys and Municipal Underwriters in Arizona. If you are using the services of Arizona Attorneys or Underwriters, please be certain that you know which of you will be filling out and submitting these forms. If you are not using their services, you must fill out and submit the forms. If you need a copy of this form, please call the Office of Economic Research & Analysis at (602) 716-6090.

Notification of retirement of bond or upon payment of interest: A.R.S. §35-502 requires that the Department receive notification immediately upon retirement of a bond or upon payment of interest. In order to promote efficient compliance with this provision, we have asked that a Debt Service Schedule is sent upon issue, and notification of any variation from that schedule is sent to us immediately.

Publicity Pamphlets: A.R.S. §35-454 dealing with Bond Election Informational pamphlets requires that the governing board of a political subdivision shall “***submit a copy of the informational pamphlet to the Department of Revenue within thirty days after the bond election.***” Please indicate if the election was successful.

Truth in Taxation: A.R.S. §42-17107 requires that if a Truth in Taxation Notice is required for cities, towns, counties, and community colleges, a copy of it, along with a statement of its publication or mailing and the result of the Governing Board's vote must be sent to the Property Tax Oversight Commission (PTOC) within three days of the hearing.

For school districts, A.R.S. §15-905.01 requires that if a Truth in Taxation Notice is required, a copy of it, along with a statement of its publication and the result of the Governing Board's vote must be sent to the Property Tax Oversight Commission (PTOC) within three days of the hearing.

The Arizona Department of Revenue staff serves as staff to the PTOC.

Arizona Department of Revenue
July 3, 2008